

Governor's Education Summit

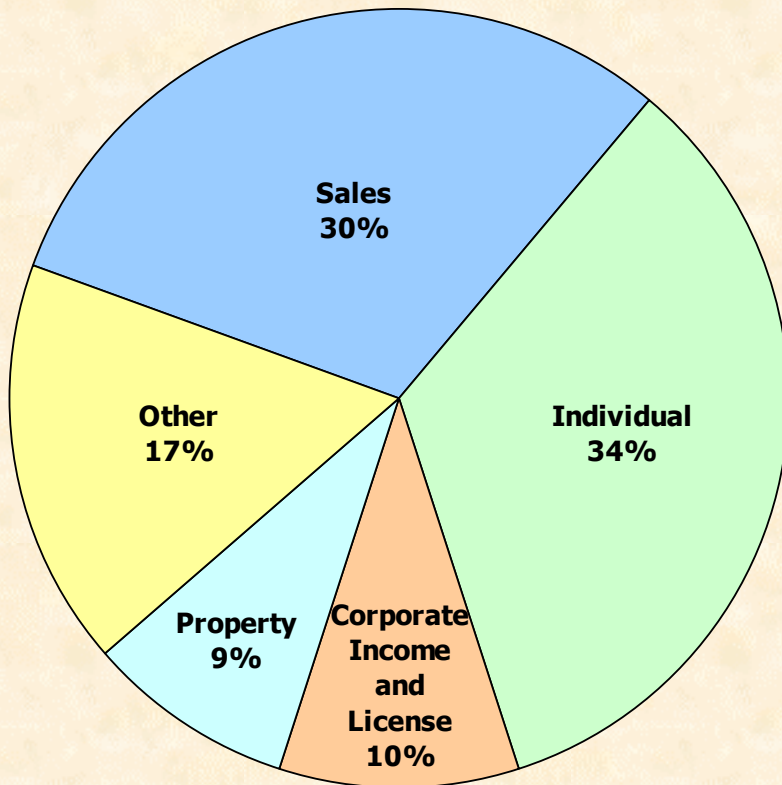
July 30, 2002



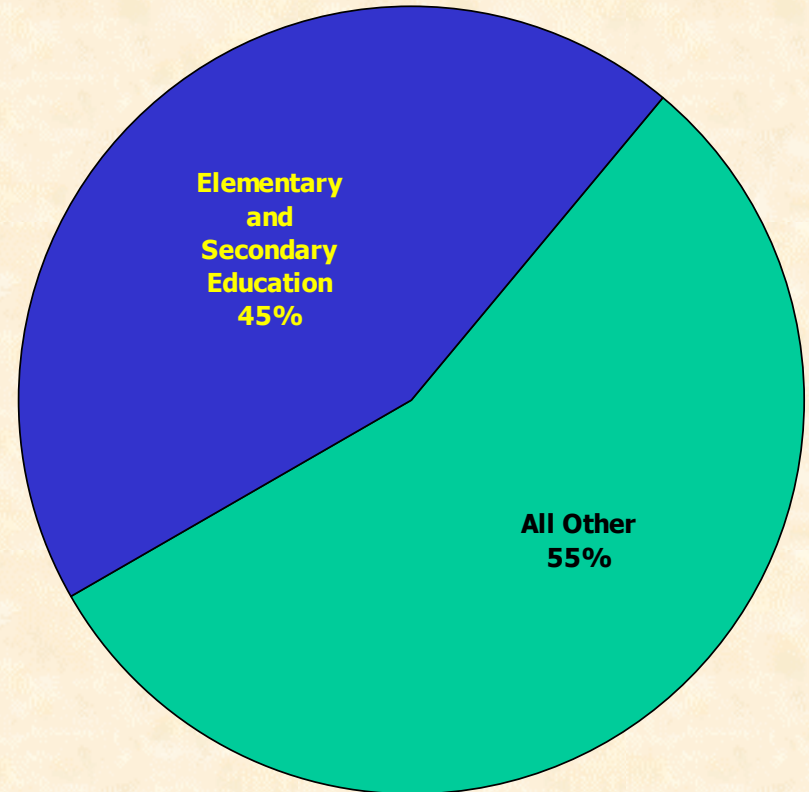
**The First Twelve Years –
Curriculum, Governance, Finance**

Pre-KERA: FY 1990 "The General Fund"

Revenues



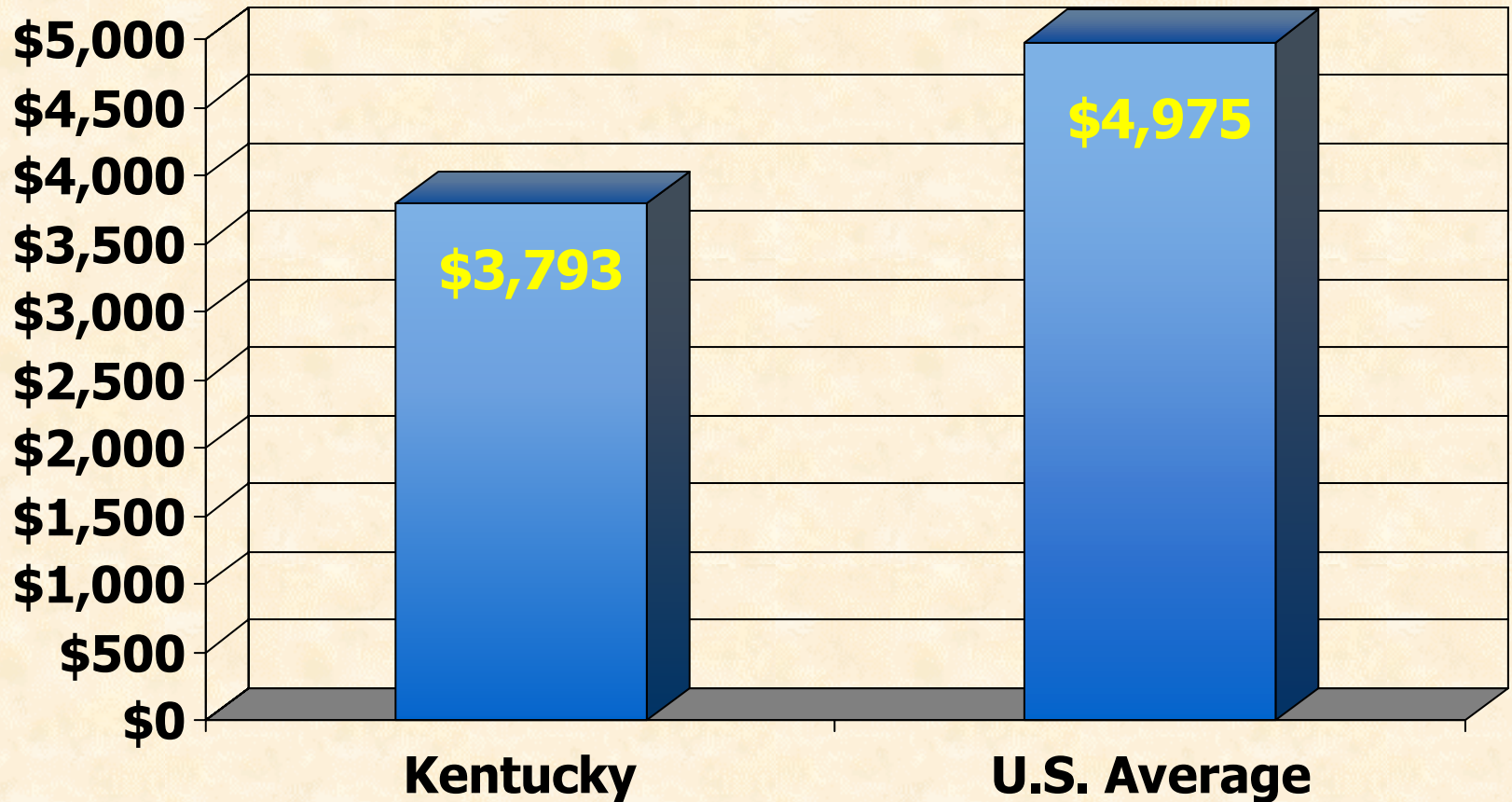
Expenditures



\$3,578.3 million

Pre-KERA: FY 1990

Kentucky Per Pupil Expenditures Relative to National Average



Kentucky = 76.2% of U.S. Average

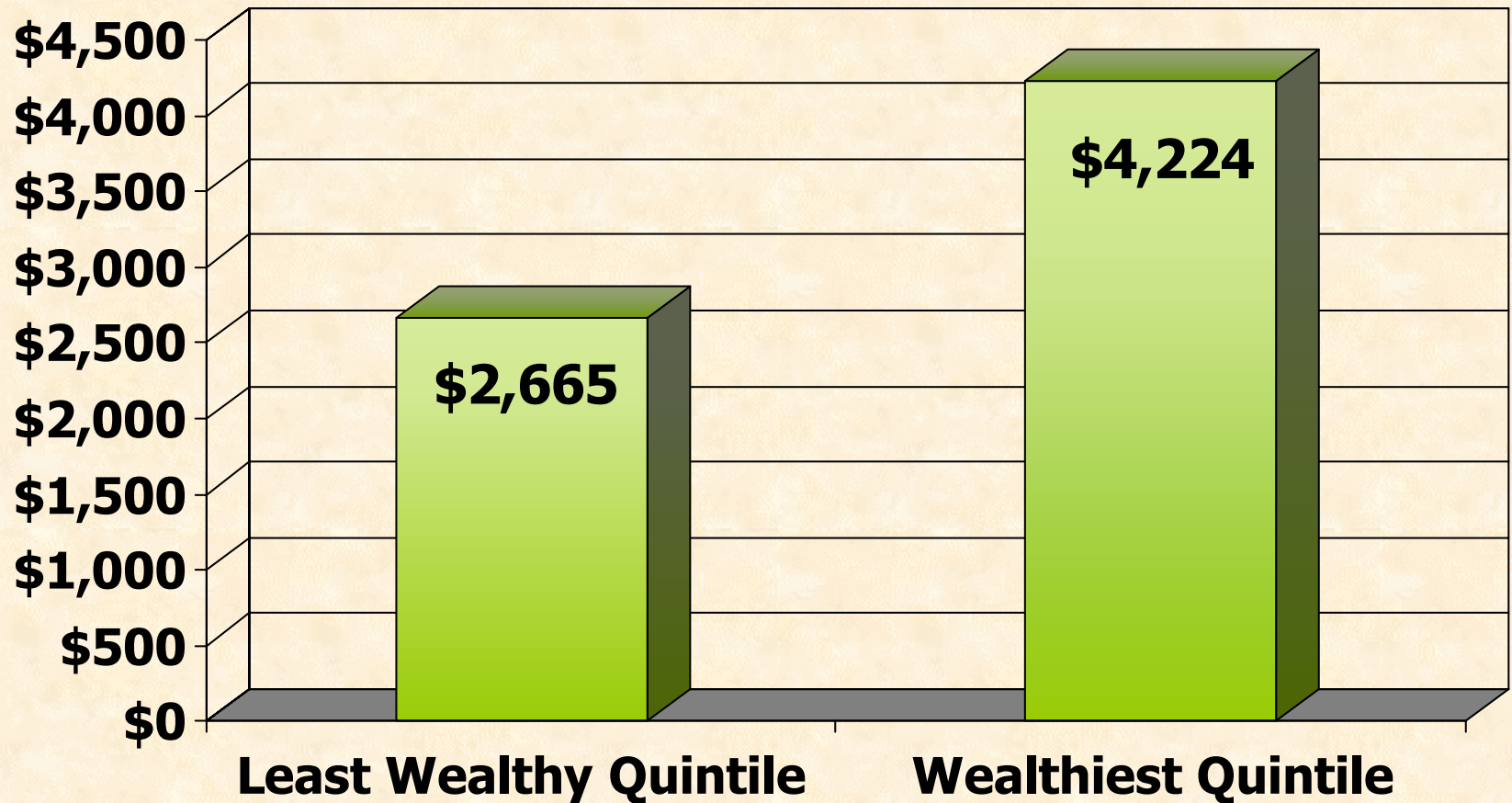
Source: National Education Association "Rankings of the States"

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Pre-KERA: FY 1990

Gap Between Wealthiest and Least Wealthy Districts

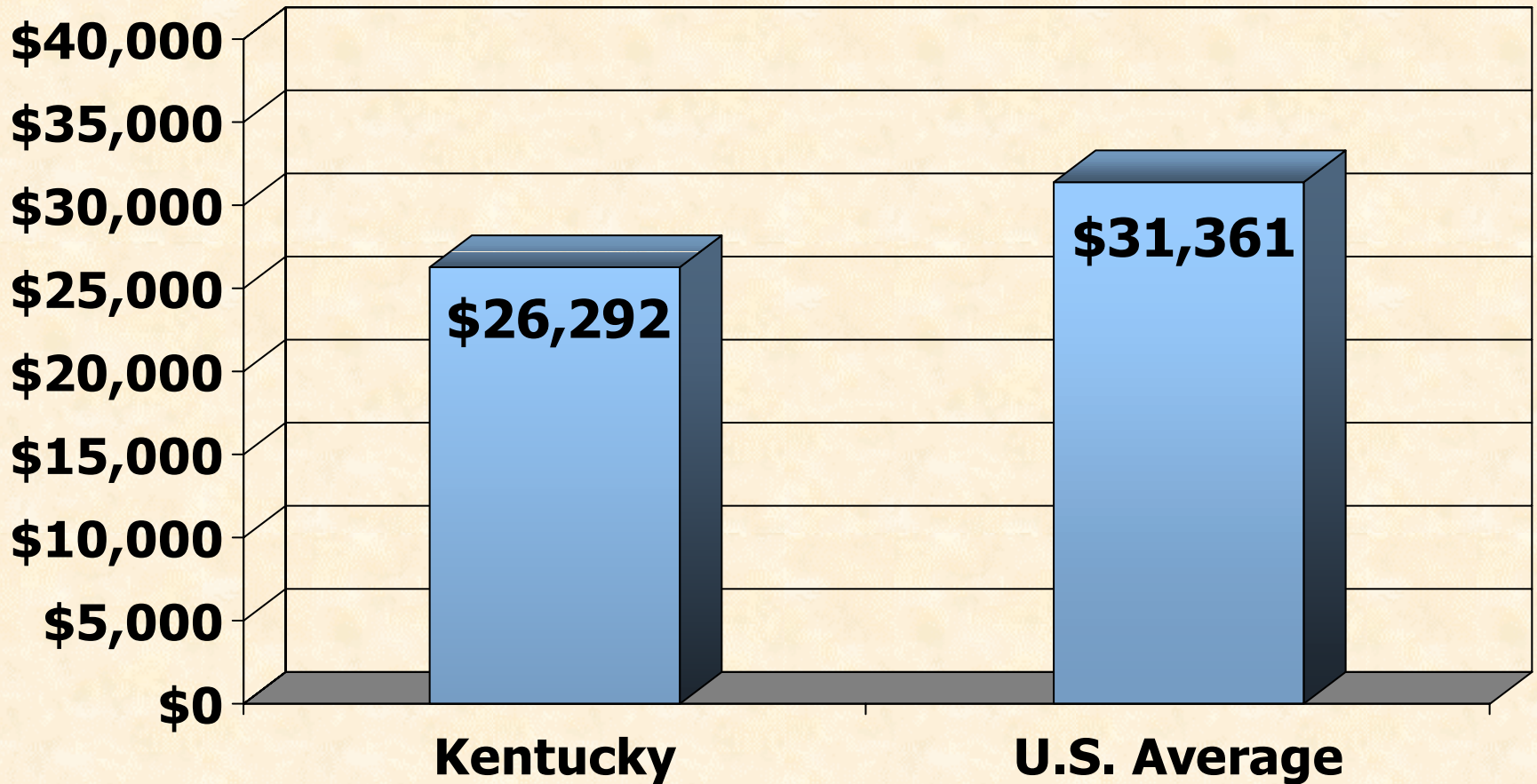
State and Local Funding Per Pupil



Least Wealthy Quintile = 63.1% of Wealthiest Quintile

Pre-KERA: FY 1990

Kentucky Teacher Salaries Relative to National Average

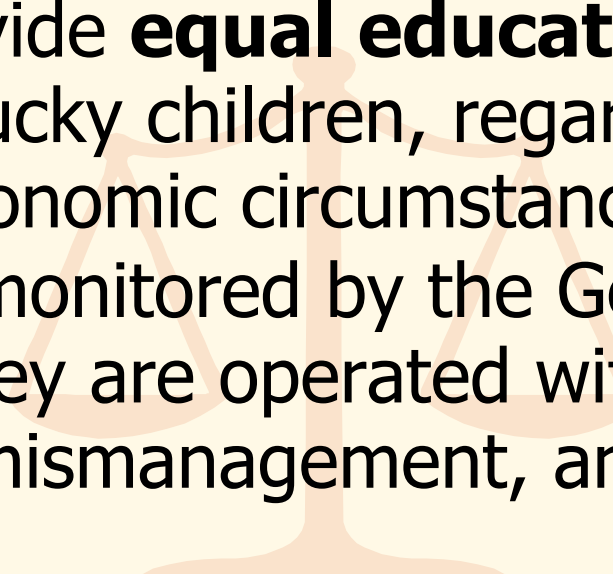


Kentucky = 83.9% of U.S. Average

The Supreme Court Decision

“The essential, and minimal, characteristics of an efficient system of common schools, may be summarized as follows:”

- The establishment, maintenance, and funding of common schools in Kentucky is the sole responsibility of the General Assembly.
- Common schools shall be free to all.
- Common schools shall be available to all Kentucky children.
- Common schools shall be substantially **uniform** throughout the state.

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- Common schools shall provide **equal educational opportunities** to all Kentucky children, regardless of place of residence or economic circumstances.
 - Common schools shall be monitored by the General Assembly to assure that they are operated with no waste, no duplication, no mismanagement, and with no political influence.
 - The premise for the existence of common schools is that all children in Kentucky have a constitutional right to an **adequate** education.
 - The General Assembly shall provide funding which is sufficient to provide each child in Kentucky an **adequate** education.
 - An **adequate** education is one which has as its goal the development of the seven capacities cited previously.

The Response

SEEK/New Grant Programs/FSPK



Replaces Minimum
Foundation/Power Equalization

The Response:

“Estimated Fiscal Impacts of House Bill 940”

(in millions of dollars)

	FY 1991	FY 1992
Conformity	\$120.2	\$131.7
Disallow Federal Tax Deduction	372.0	281.9
Allow Low Income Credit	(60.0)	(64.0)
Sales Tax Rate Increase	187.4	214.9
Corporate Rate Increase	30.2	44.9
Child Care Credit	(3.5)	(3.5)
TOTAL	\$646.3	\$605.9

Estimates vs. Reality

(in millions of dollars)

House Bill 940 generated revenue:

FY 1991	\$532
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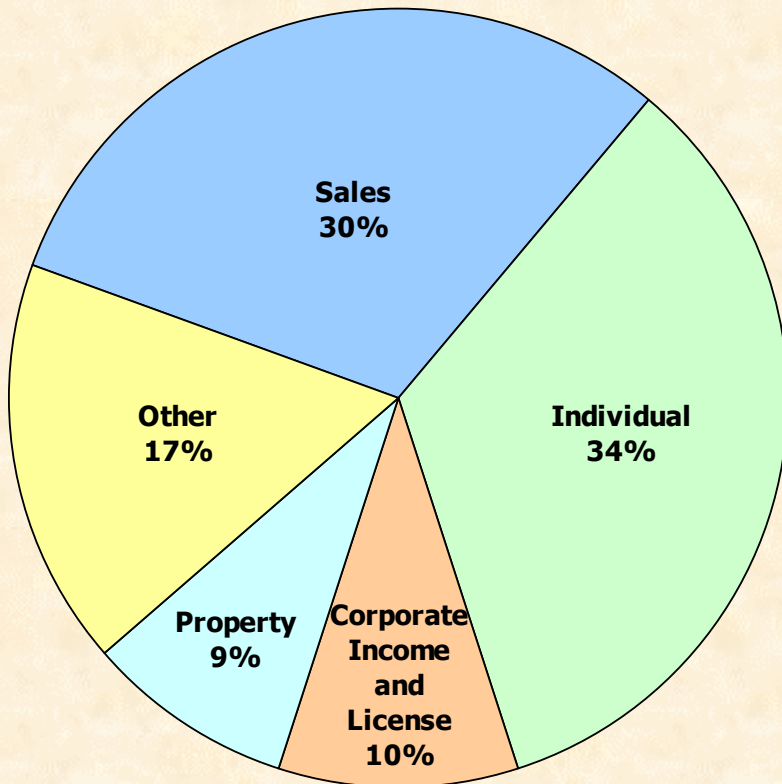
FY 1992	\$423
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**And Don't Forget That in FY 1995
We Began a Series of Tax Cuts
Which Reduced General Fund
Revenues \$300 million in FY 2002.**

"The General Fund"

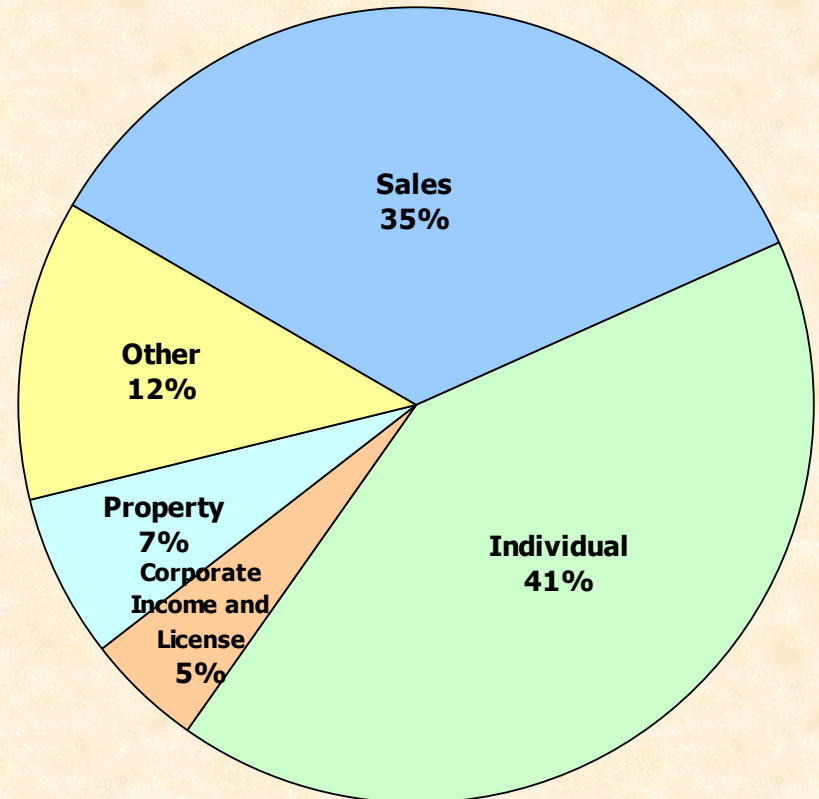
Revenues

FY 1990



\$3,578.3 million

FY 2002

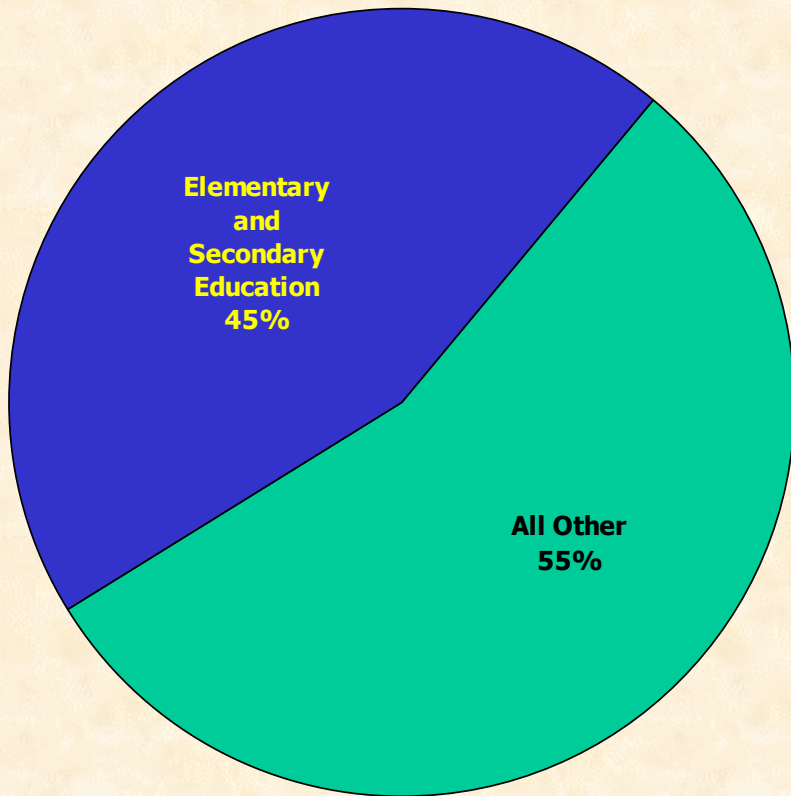


\$6,560.2 million

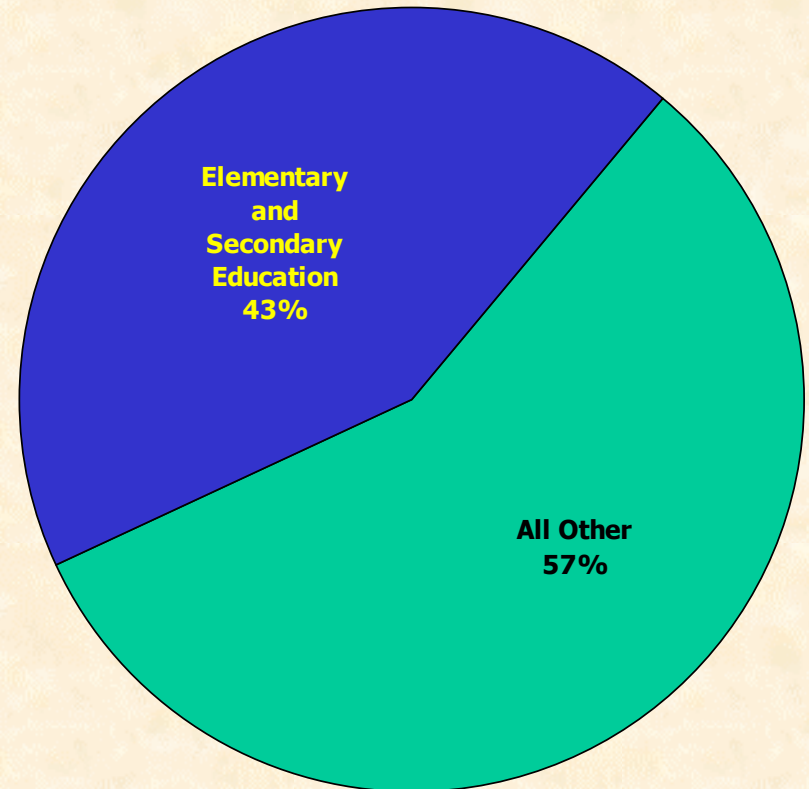
"The General Fund"

Expenditures

FY 1990

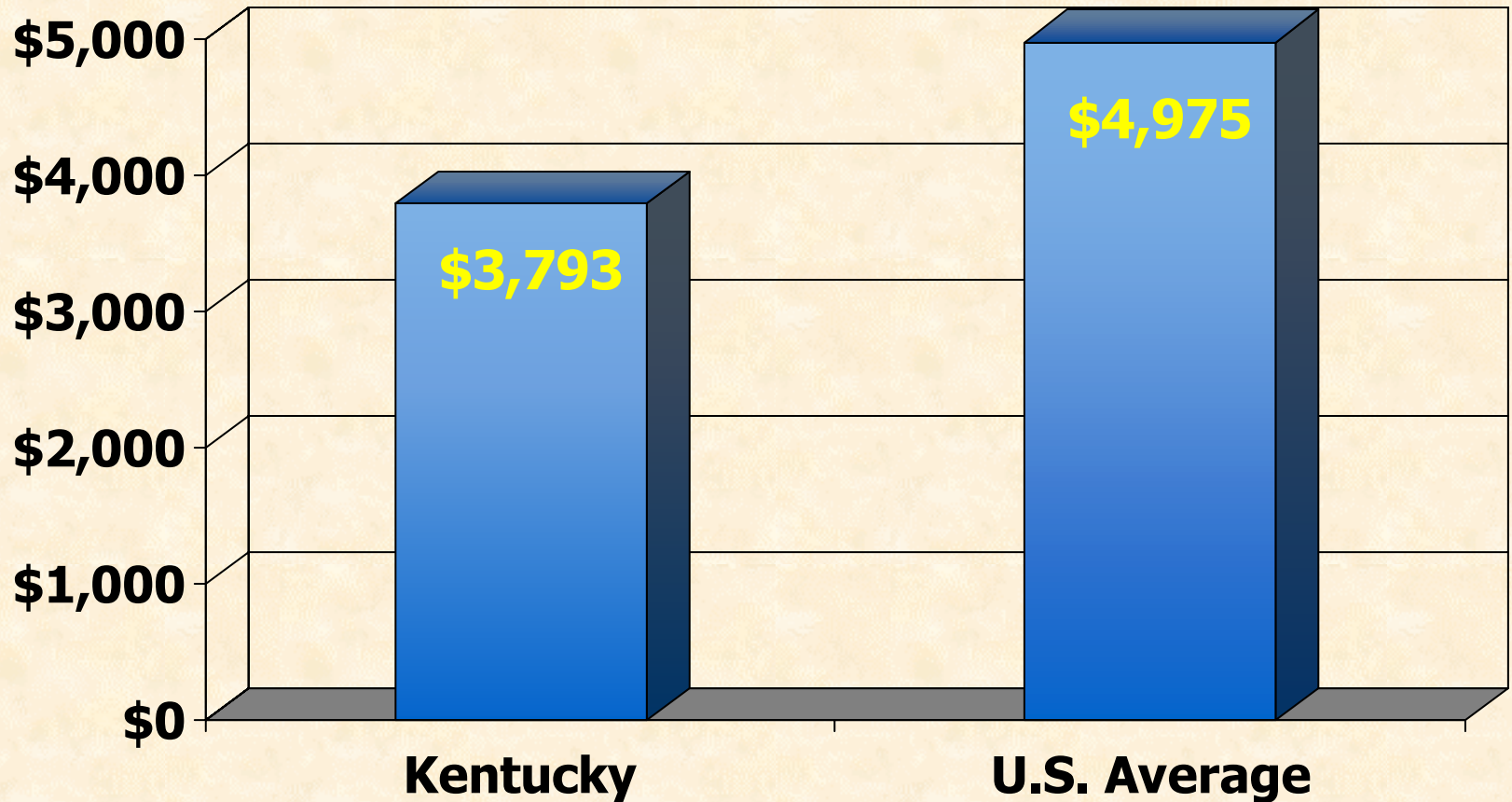


FY 2002



Pre-KERA: FY 1990

Kentucky Per Pupil Expenditures Relative to National Average



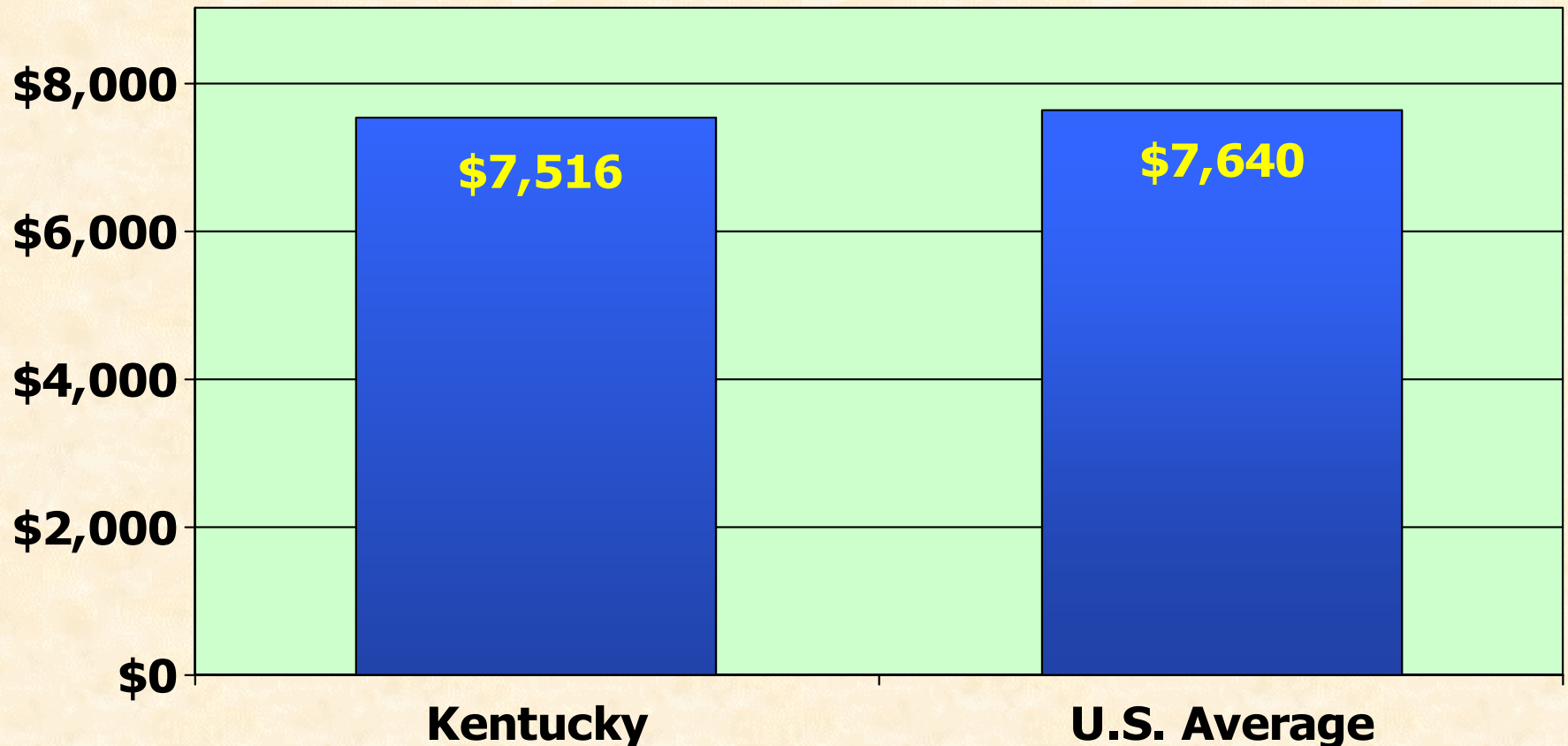
Kentucky = 76.2% of U.S. Average

Source: National Education Association "Rankings of the States"

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Post-KERA: FY 2001

Kentucky Per Pupil Expenditures Relative to National Average



Kentucky = 98.4% of U.S. Average

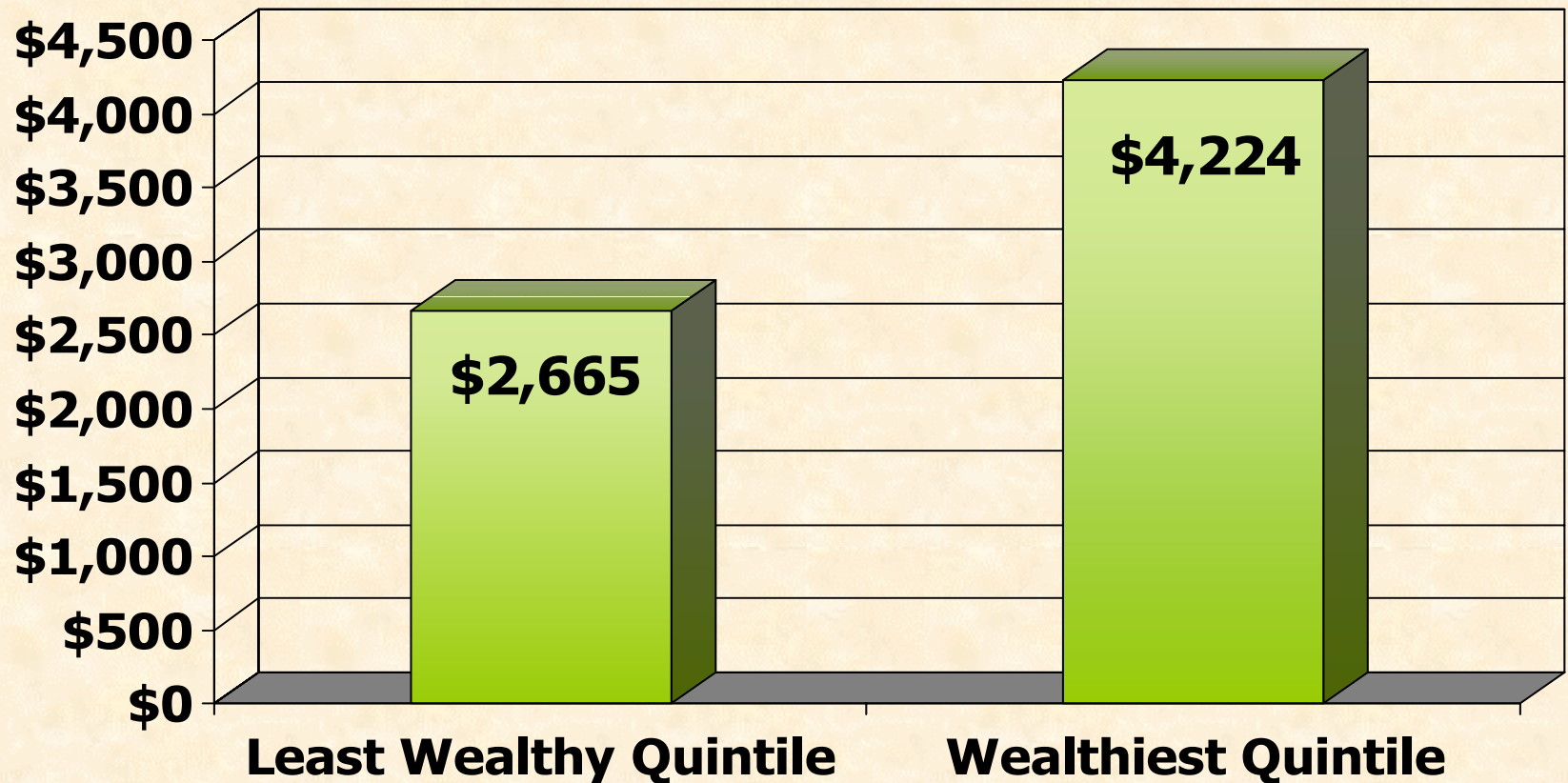
Source: National Education Association "Rankings of the States" estimates

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Pre-KERA: FY 1990

Gap Between Wealthiest and Least Wealthy Districts

State and Local Funding Per Pupil



Least Wealthy Quintile = 63.1% of Wealthiest Quintile

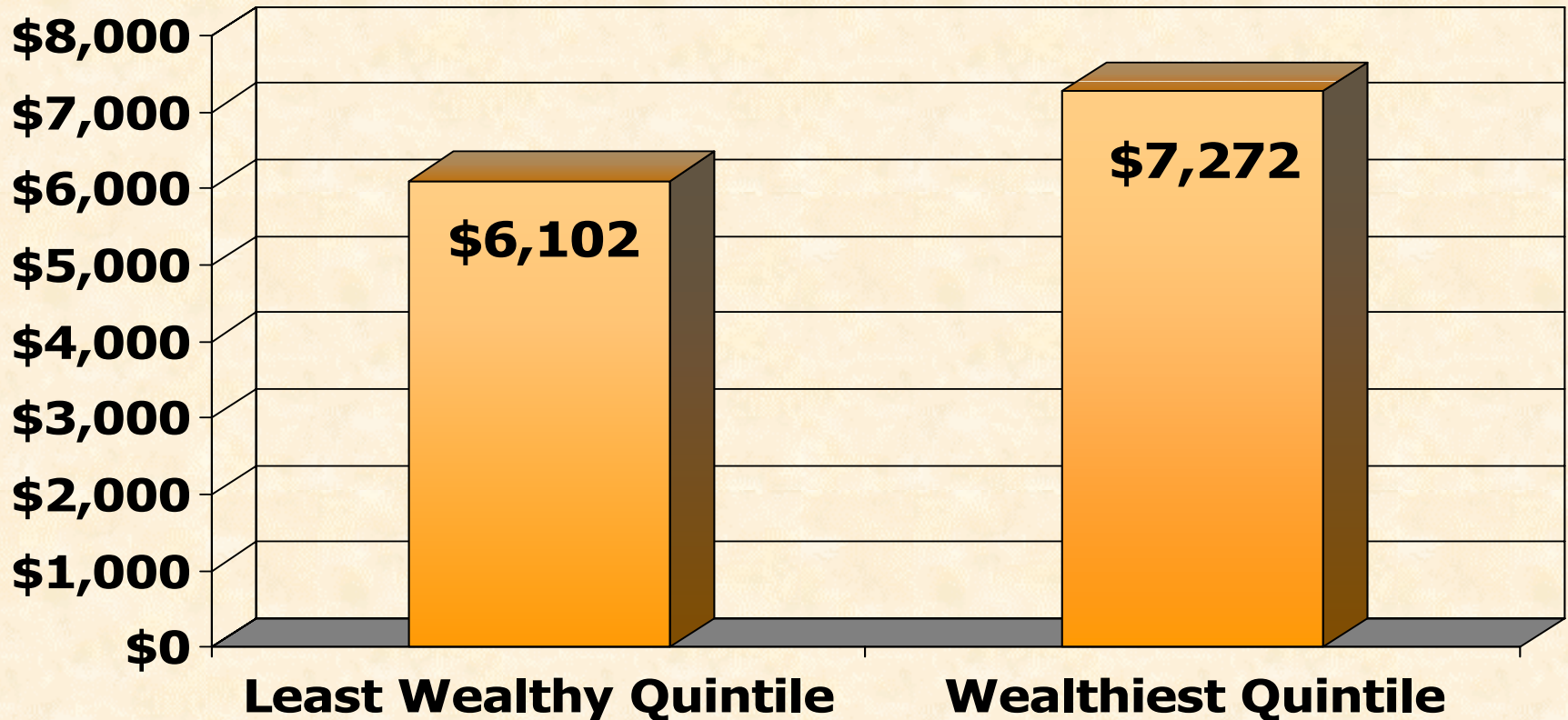
Source: Office of Education Accountability Annual Reports.

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Post-KERA: FY 2001

Gap Between Wealthiest and Least Wealthy Districts

State and Local Funding Per Pupil



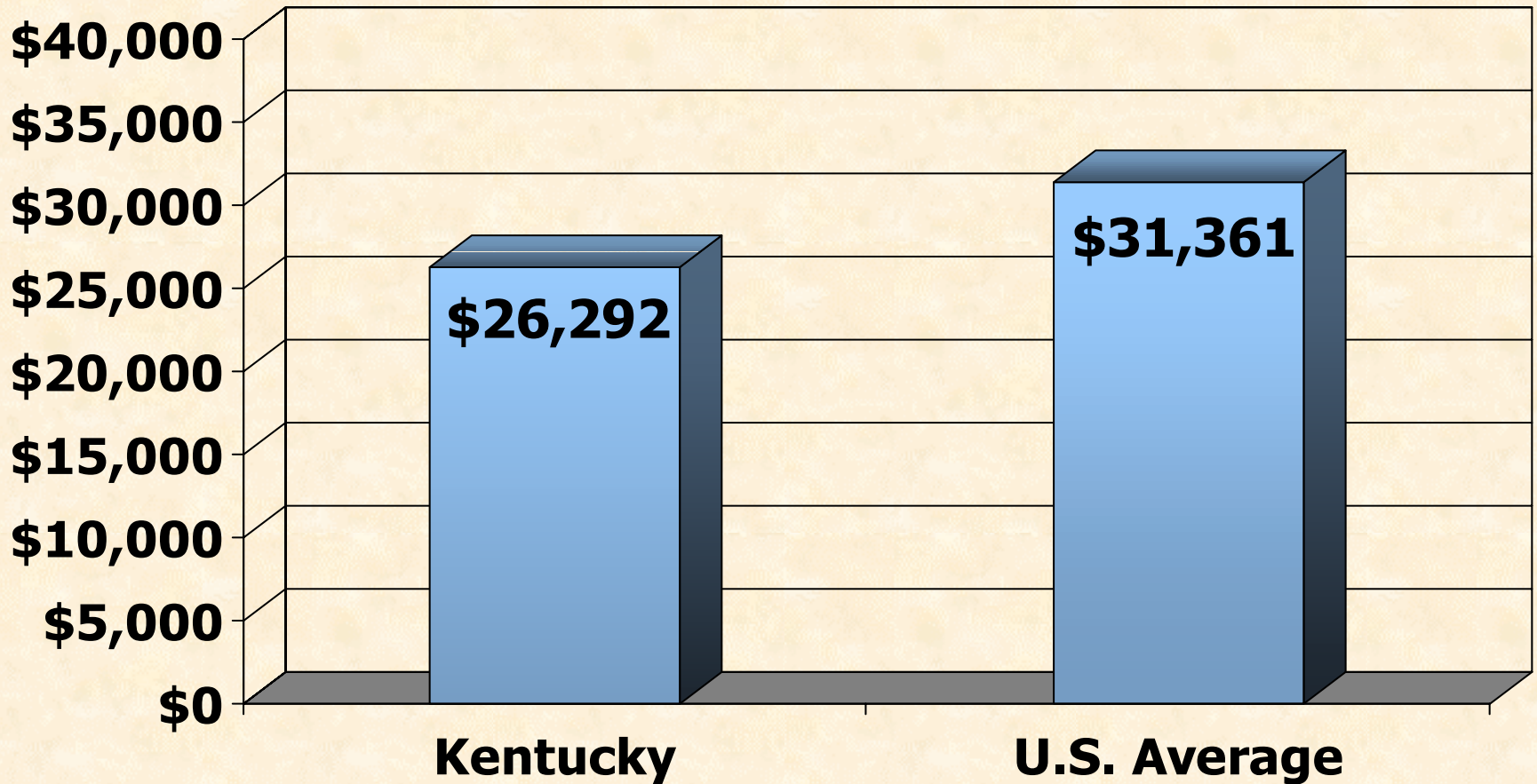
Least Wealthy Quintile = 83.9% of Wealthiest Quintile

Source: Office of Education Accountability Annual Reports.

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Pre-KERA: FY 1990

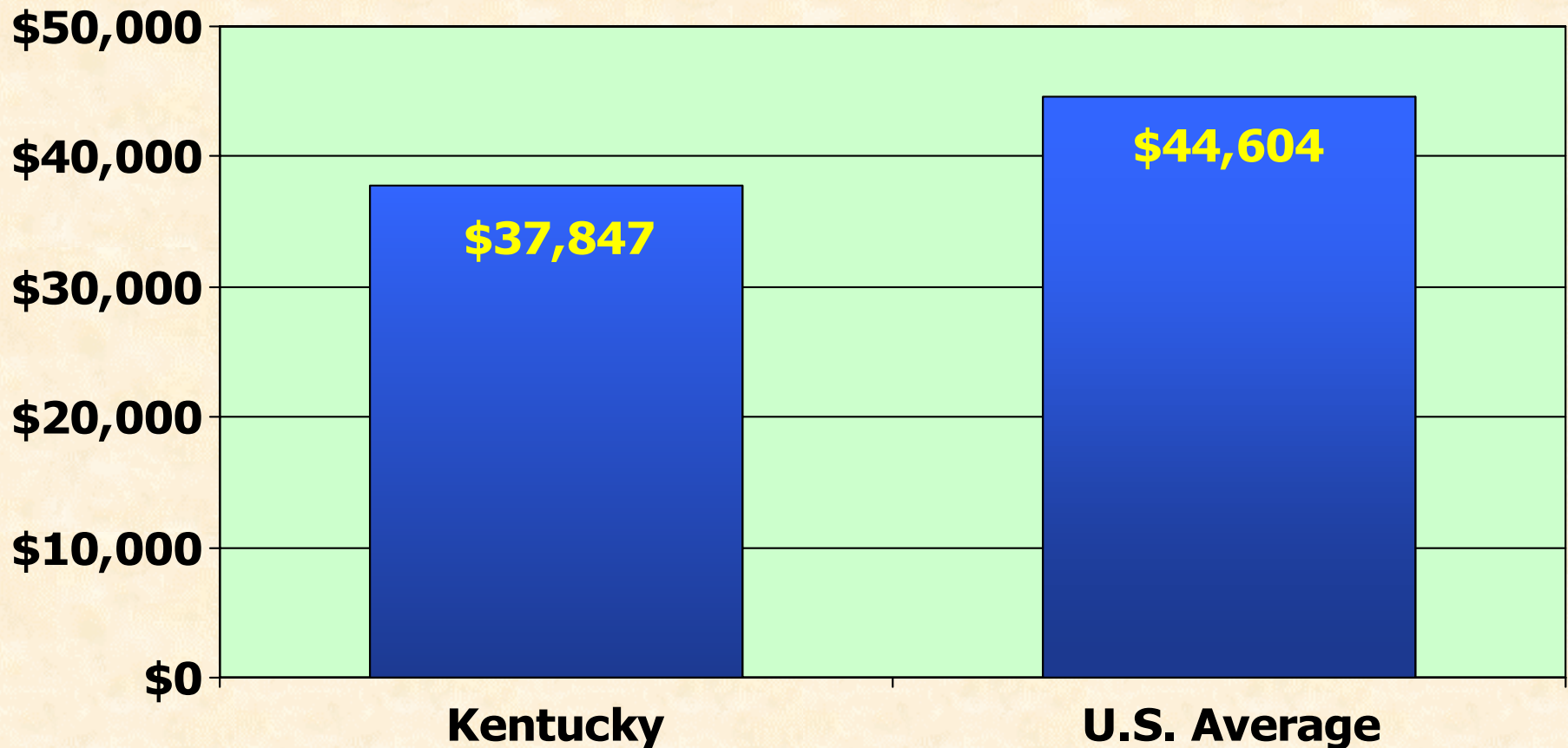
Kentucky Teacher Salaries Relative to National Average



Kentucky = 83.9% of U.S. Average

Post-KERA: FY 2002

Kentucky Teacher Salaries Relative to National Average

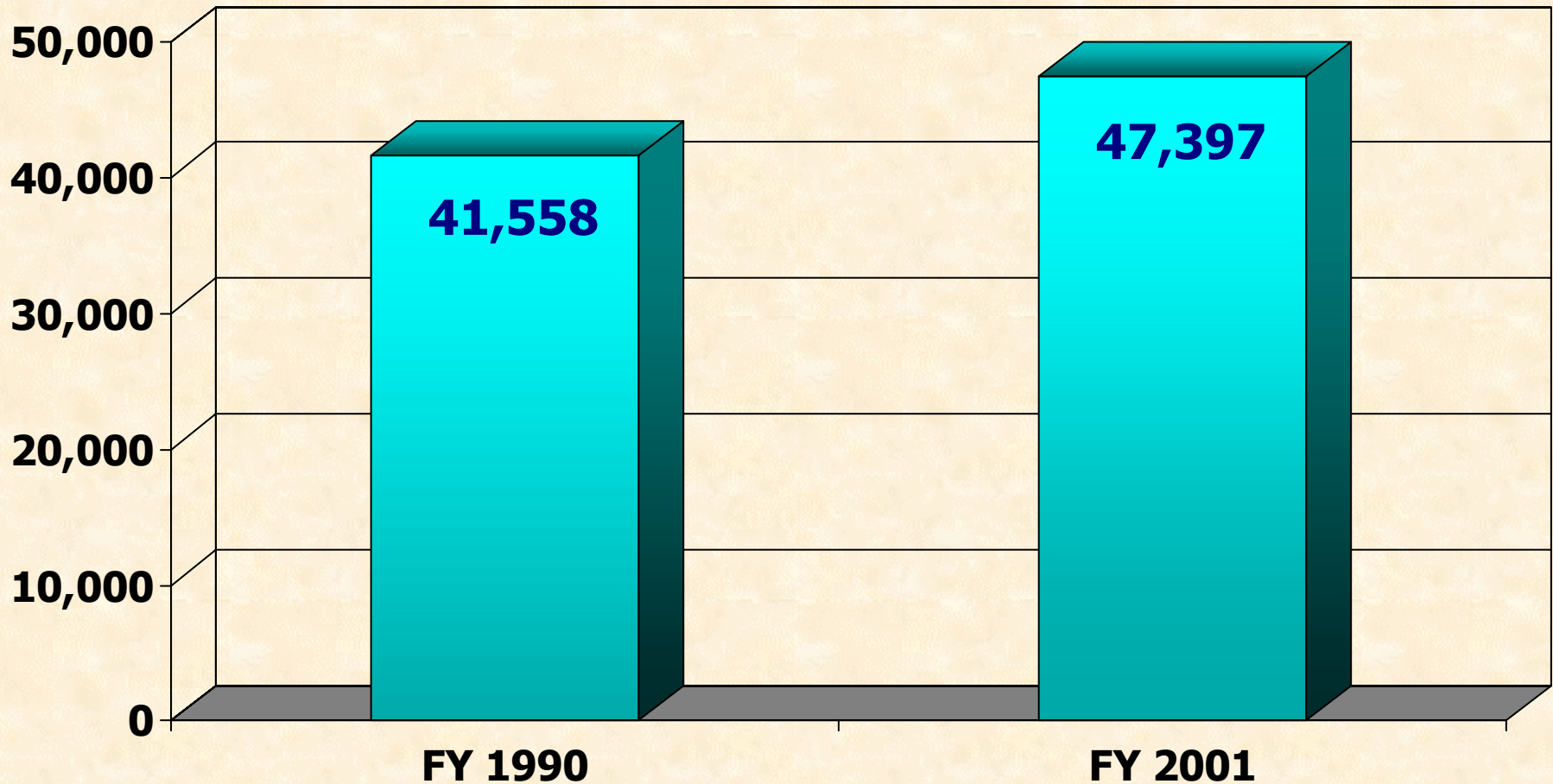


Kentucky = 84.9% of U.S. Average

Source: National Education Association "Rankings of the States" estimates

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Pre- and Post-KERA: Increase in Certified Personnel



FY 1990: One certified employee for every 13.8 students

FY 2001: One certified employee for every 12 students

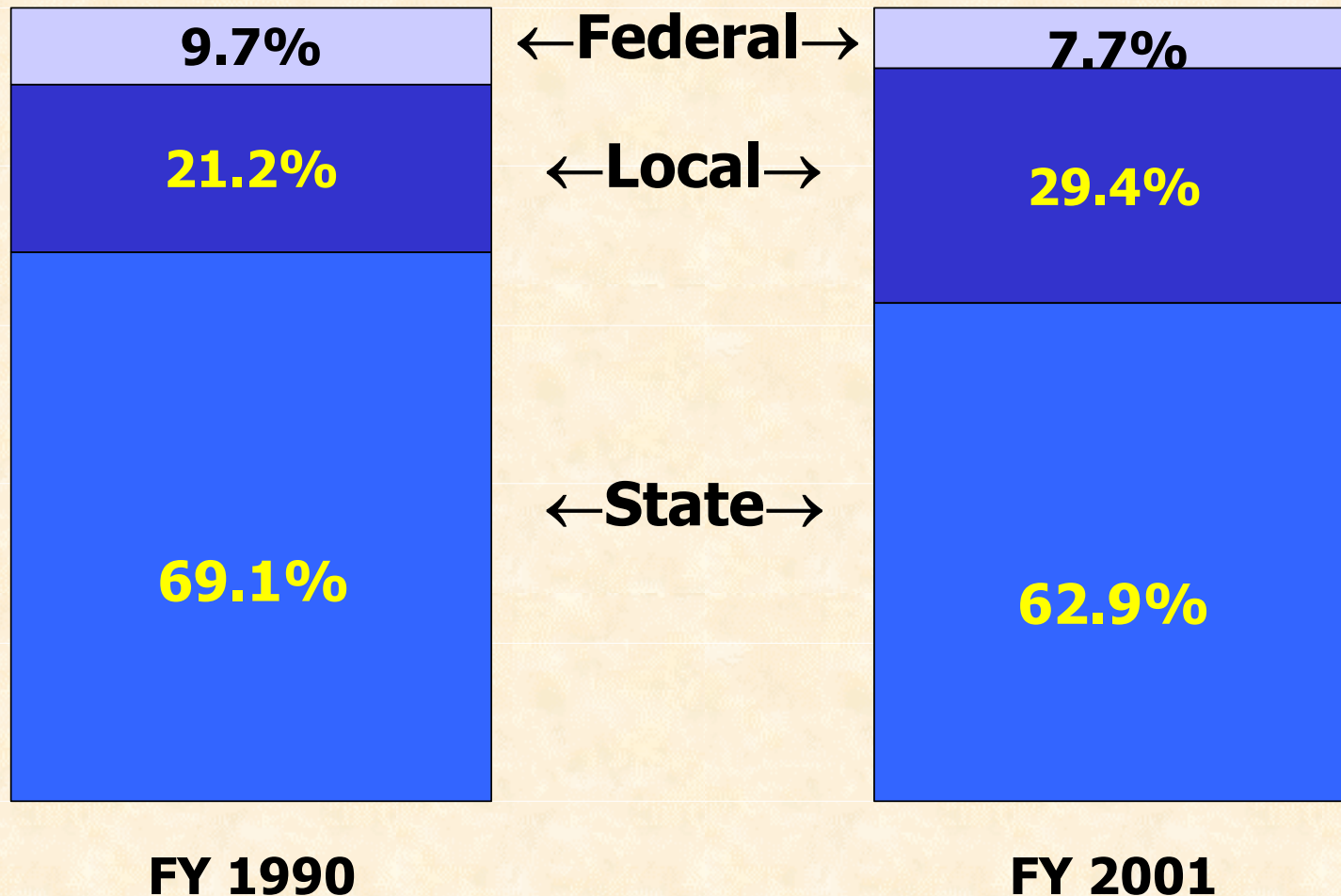
Some things to Note:



Percent Changes

General Fund	84.0%
CPI	40.2%
K-12 Education	112.6%
• State	85.8%
• Local	201.8%

Relative Shares of Elementary and Secondary Education Funding



Source: National Education Association; 2001 data is estimated.

Conclusion

- Per pupil funding has increased relative to the national average.
- The equity gap has been reduced.
- Local share of education funding has increased and is responsible for much of the progress.
- Teacher salaries have been constant relative to the national average.
- FY 1990 tax increases generated less than estimated; a series of tax cuts have been enacted since FY 1995; thus reducing new dollars available for K-12.

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